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RUEHCV/AMEMBASSY CARACAS PRIORITY 1328
RUEHLP/AMEMBASSY LA PAZ FEB 5097
RUEHMN/AMEMBASSY MONTEVIDEO PRIORITY 9674
RUEHQT/AMEMBASSY QUITO PRIORITY 2303
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 2144
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC PRIORITY
RUMIAAA/USCINCSO MIAMI FL PRIORITY

C O N F I D E N T I A L LIMA 000182

SIPDIS

E.O. 12958: DECL: 02/12/2019
TAGS: [PGOV](#) [PREL](#) [PINR](#) [PE](#)
SUBJECT: EAVESDROPPING SCANDAL DRAGS ON, BUT NO SMOKING GUN

REF: A. LIMA 1639
[1](#)B. LIMA 1651

Classified By: Amb. P Michael McKinley for reasons 1.4b and d.

[1](#)1. (C) Summary: In part two of the scandal that toppled Prime Minister Jorge Del Castillo's cabinet in October 2008, Peruvian National Police (PNP) recently arrested the employees of a "security" company called Business Track for illegally recording the private telephone conversations of private sector and government officials. The release in late January of 82 new audios reinvigorated the scandal while also suggesting that illegal wiretapping activity was widespread and largely in private "commercial" hands. The tapes and relentless media scrutiny have so far revealed no evidence of major corruption, but the scandal has nonetheless rekindled public suspicions that corruption remains widespread. Much speculation has focused on whether future information could yet reveal a "smoking gun" and cause the government further problems. While who requested the eavesdropping is not yet known, the government may seek to contain the damage by pinning blame on a single culprit. End Summary.

Eavesdroppers Identified

[1](#)2. (C) In October 2008, the cabinet of Prime Minister Jorge Del Castillo was toppled after the public release of audio tapes implicating public officials and APRA-party insiders in an "oil lots for financial kickbacks" scheme -- although to date no incriminating information has surfaced on the replaced Ministers (Refs A & B). At the time, most attention was focused on the content, rather than the origin, of the tapes. Part two of the scandal began in January, when the GOP announced the arrest of several employees of Business Track, a commercial security company that had allegedly produced these and other illegal recordings of private telephone and e-mail communications involving high-profile Peruvians. Those arrested included Business Track CEO, a former Navy Admiral named Ponce Feijoo, and two active and two retired Navy intelligence personnel, as well as one civilian company employee. Two other civilians reportedly remain at large.

New Recordings, Privatized Eavesdropping

[1](#)3. (SBU) Notwithstanding the arrests, the scandal has refused to fade. The late January public release by journalist Pablo O'Brien of 82 additional recordings reinvigorated the media hunt for government corruption. The seemingly endless supply of confidential recordings has also

fed the impression that illegal eavesdropping had grown rampant, that Business Track and other similar private outfits had proliferated, and that nobody's secrets -- personal or professional -- were therefore safe from potential public revelation. Some analysts explained that "business intelligence" firms like Business Track were creatures of the post-Montesinos era. That is, sophisticated intercept equipment that formerly belonged to Peru's once powerful national intelligence services had passed -- by sale or theft -- into private hands as the Fujimori-Montesinos regime began to collapse in 2000. As a result, according to analysts, illegal eavesdropping has become a predominantly commercial enterprise today.

No Evidence of Major Corruption

¶4. (C) The tapes and the relentless media scrutiny have so far revealed no compelling evidence of outright criminal activity (apart from the illegal wiretapping itself) or serious corruption. Many observers acknowledge that, however distasteful the actions and manner of Romulo de Leon and Alberto Quimper (arrested for influence trafficking when the scandal first broke), their activities did not constitute overt corruption or legally actionable crimes. Neither is there evidence of real malfeasance on the part of any government officials, including former Prime Minister Del Castillo or former Health Minister Garrido Lecca. Even Daniel Abugattas (protect), the Nationalist Party (PNP) congressman who headed the special congressional committee that investigated the first round of "Petro-Audios," told us he was unable to discover evidence of legally actionable corruption. He said this was the reason he had concluded in his controversial final report that lifting the immunity of and initiating a legal process against any of the government Ministers accused was not justifiable in light of the facts.

But "Impression" of Corruption Strong

¶5. (C) At the same time, the scandal has rekindled public suspicions regarding the way business is done in Peru and reinforced the impression that corruption remains widespread. Some observers have compared the contents of the secret recordings to lifting a rock and seeing the critters crawling frantically for the shadows. Others point to the figure of Romulo de Leon -- an APRA-party insider and Minister in President Garcia's troubled first government (85-90) -- and say his continued presence on the scene gives the impression that nothing has changed. That is, that the way to get ahead in Peru is by exploiting one's personal ties with government officials, that those who have such ties win -- contracts, deals, money -- and that those who don't, lose out. Some analysts also see in the current scandal a kind of distant echo of the infamous "Vladi-videos" (in which former SIN spymaster Montesinos was taped handing bundles of money to political and public figures, literally buying them off). While observers acknowledge that no act even remotely as brazen has been revealed in the current situation so far, there is nonetheless the impression that "we have seen this thing before" in Peru.

Few Facts, Many Rumors

¶6. (C) In this sense, rampant speculation -- not principally about what is already known, but about what may yet be revealed -- lies at the heart of the scandal. One rumor, for example, suggests that additional tapes revealing corruption reaching the top of government have so far been covered up or withheld. According to some sources, journalist Pablo O'Brien has such tapes but has not yet released them out of a fear for his life. Another rumor suggests a possible official (government or military) connection with illegal activities. That Business Track CEO Ponce and his number two are former Navy intelligence officers, and Ponce reportedly has close personal relationship with Vice President Luis Giampetri, helped spark these rumors -- and even led to wild media speculation (fed by the public comments of an opposition Congressman) about supposed coup-plotting by the military. (Comment: These rumors have proved wholly lacking

in substance. End Comment.)

¶17. (C) An apparent failed assassination attempt on Peru's Attorney General Gladys Echaiz February 1 sparked another wave of speculation about a possible connection to the Attorney General's continuing investigation of the eavesdropping scandal. Echaiz herself acknowledged that attack could be related to the case while emphasizing that her office oversees a number of controversial investigations, including several high-profile drug-trafficking cases. Even the impression suggested by the media coverage that illegal eavesdropping has become rampant, however, turns out not to be borne out by the facts of the case. According to Congressman Abugattas and others, all the audio tapes that have come to public light in the case so far connect back to only two telephone lines, both of them belonging to Romulo de Leon -- a seemingly more limited terrain. (Comment: There is anecdotal evidence that illegal eavesdropping is significantly more widespread than that strictly revealed in this case. End Comment.)

Containing the Blame?

¶18. (C) Meantime, a critical unknown in the case remains who ordered the wiretapping. There are competing theories in this regard, and no clear answer -- yet. One centers on local cement interests which, worried about prospective competition from a Mexican cement company (Cementos de Mexico), allegedly sought to confirm reports that their paid lobbyist, Romulo de Leon, was playing both sides. When the wiretapping did confirm this fact, they released the tapes in order to embarrass Leon but failed to foresee the broader problems the rash act would unleash. Another allegation says a petroleum company had hired Business track to spy on its competition. Our GOP and APRA contacts have generally promoted the idea of this company's responsibility without any substantiation. This story has yet to play out.
MCKINLEY